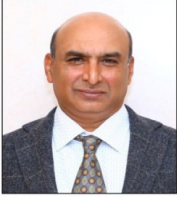


THE KARNATAKA PLANTERS' ASSOCIATION



Mr. Shirish Vijayendra

Chairman



NEWS LETTER – 1

Dear Members,

It is a great honour and a privilege to be elected as the Chairman of Karnataka Planters' Association, the Premier State Plantation Association at our 61st Annual Conference held on 13th November 2019 at Bangalore. I thank you all for giving me this opportunity to be the Chairman of the Association.

I would now like to bring to your attention the events and developments which have transpired since I took over as the Chairman of the Association on 13th November 2019.

1) Committees & Sub Committees:

The following are the Executive Committee and Sub Committees formed for the year 2019-20:

a) Executive Committee:

1. Mr. Shirish Vijayendra (Chairman)
2. Mr. S. Appadurai (Vice-Chairman)
3. Mr. A. Arvind Rao
4. Mr. Mahesh Shashidhar
5. Mr. Yeshwant R. Gurjer
6. Mr. N. Ramanathan
7. Mr. Waheed Naqvi
8. Mr. Nirad Muthanna
9. Mr. K.G. Rajeev
10. Mr. M. Salman Baseer
11. Mr. M.G. Devaiah

b) Co-opted Members:

1. Mr. D. Vinod Sivappa
2. Mr. A.S. Shankare Gowda
3. Mr. AL. RM. Nagappan
4. Mr. Jeffry Rebello
5. Mr. Ajoy Thipaiah
6. Mr. Sahadev Balakrishna
7. Mr. Marvin Rodrigues
8. Mr. Nishant R. Gurjer
9. Dr. M.M. Chengappa
10. Mr. H.T. Pramod
11. Mr. M.B. Ganapathy
12. Mr. Chako P. Thomas
13. Mr. N. Bose Mandanna
14. Mr. Sameer Gurjer

15. Mr. M.C. Kariappa
16. Mr. P.S. Satyanarayana
17. Mr. Vijay Karnad

c) KPA Trustees:

1. Mr. Shirish Vijayendra
2. Mr. S. Appadurai
3. Mr. N. Ramanathan
4. Mr. M.B. Ganapathy

d) KPA Sub - Committees:

- | | | |
|--|------------|-------------------------|
| 1. Taxation Committee | Convener - | Mr. P.S. Sathyanarayana |
| 2. Negotiation Committee | Convener - | Mr. Vijay Karnad |
| 3. Scientific Committee | Convener - | Mr. Mahesh Shashidhar |
| 4. Land Matters Committee | Convener - | Mr. A.S. Shankare Gowda |
| 5. Sports Committee | Convener - | Mr. Sameer Gurjer |
| 6. Tea Committee | Convener - | Mr. A. Arvind Rao |
| 7. Public Relations & Membership Drive | Convener - | Mr. M. Salman Baseer |
| 8. Environment Awareness Committee | Convener - | Mr. Nirad Muthanna |
| 9. Website Committee | Convener - | Mr. Yeshwant R. Gurjer |

2). Workshop on Coffee Outturn, CCRI, Balehonnur on 30th December 2019.

A workshop on 'Coffee outturn' and 'Pollution abatement' was held on 30th December 2019 at the Central Coffee Research Institute (CCRI) Coffee Research Station (CRS) at Balehonnur, Chikmagalur District. Our Secretary Mr. Anil Savur D. and many KPA members had attended the workshop. Dr. N. Suyra Prakash welcomed the delegates and made the introductory remarks. Dr. J.S. Nagaraj, Divisional Head, Post harvest Technology made presentations on "Coffee processing and Outturn" and "Pollution Abatement" and their effect on quality of Coffee.

He said that the Coffee Board had organized the workshop to create awareness among growers on Growing and producing good quality Coffee in the scenario of low coffee prices which will give good outturn. There was also an address by Sri G.N. Prasanna Kumar from Agalagandi Village in Koppa on growing Organic Coffee and certification of organic Coffee by Farmer Producer Organizations (FPO) from 'Fairtrade'. Sri Hariappa CCRI Scientist and Dr. Gudde Gowda, Jt. Director, Hassan spoke on their experiences on growing good quality Coffee.



3) Delhi Visit:

A delegation of Coffee Grower Associations comprising of representatives from KPA represented by me, Karnataka Growers Association (KGF) and Codagu Planters Association (CPA) had met the Hon'ble Union Finance Minister Mrs. Nirmala Sitharaman and Hon'ble Union Minister for Chemicals & Fertilizers Sri. D.V. Sadananda Gowda on 24th December, 2019. We submitted a Joint Memorandum highlighting the issues faced by the Coffee Growers. The following requests were included in the Memorandum.

- Comprehensive Debt Relief Package.
- Reduction of Interest to 6% and continuation of Interest subvention scheme in the FY 2020-21.
- Exclude agricultural loans from Credit Information Bureau India Ltd. (CIBIL).
- Restructure agricultural Loans of growers affected by Natural calamity in the Plantation districts/ Flood affected areas under the Natural Disaster Relief scheme.
- Extend Central Government's Pradhana Mantri Fasal Bima Yojana Insurance Scheme to Coffee.
- Delete Rule 7B (1) of the Income Tax Rules by amendment to enable small growers to cure their coffee.
- Exempt GST on Fertilizers and fix maximum GST rate for Pesticides at 5%.
- Maintain subsidy of MOP fertilizers and price of fertilizers at the same rate as at present in the FY 2020-21.



4) Visit of the Executive Director, Tea Board, Coonoor on 26th December, 2019:

The Executive Director of Tea Board, Coonoor Sri M. Balaji had visited KPA on 26th December, 2019. KPA EC Member Mr. Mahesh Shashidhar, Tea Members, Mr. Ashwin Shetty, a former Tea Board Member, Mr. Rohan Kuriyan, Secretary, Mr. Anil Savur D. and IRO Mr. B.G. Kushalappa were present and discussed important Tea issues affecting the Karnataka Tea Industry. A Memorandum was submitted to him highlighting the Tea issues in Karnataka. The following points were discussed at the meeting:

1. Outlook of Karnataka Tea Industry.
2. Tea areas severely affected by Climate Change Viz. - Heavy rainfall, Floods, Landslides, Drought and high temperatures which damaged the Tea bushes and drastically affected production and productivity. Irrigation had become a must but water is not available in the dry months.
3. Shared MNREGA support to build water storage tanks and subsidy for water-harvesting.
4. For survival to climate change, Tea plantations be permitted to grow alternate crops.
5. Immediate release of subsidy of QU&PDS scheme pending since 3 years released slowly.
6. Sharing of social welfare costs by GOI and GOK which is solely borne by Managements.
7. Poor power supply to the Tea Plantations.
8. Non availability of skilled workers to repair Tea Machineries.
9. Adulteration of Tea and mixing of colour to Tea.
10. Including imported Chinese Battery operated shear harvester under Tea Board Subsidy Scheme.

In response, the Executive Director Sri M. Balaji informed:

1. A Lot has to be done to overcome challenges from climate change. Tea Estates have to prepare and reorient themselves to face climatic change.
2. Regarding sharing of MNREGA to Tea Estates, he would take this up with the Tea Board and GOI to apply MNREGA to Tea Estates to include permitted works.
3. Regarding to include Rain water-harvesting scheme under Tea Board subsidy scheme, he said it is a necessity. Tea Board is planning to introduce Rainwater Harvesting Scheme in five South Indian States including Karnataka with funding from an outside agency of about Rs.150 Crores.
4. Tea Board proposes to bring out Mechanization of Estate operations scheme.
5. Special Tea Promotion Scheme is proposed to be implemented for Tea Estates from April-May 2020.
6. Tea factories will be graded to encourage producing good quality Tea.
7. Present Tea Auction method will be replaced by Japanese Tea Auction method to make the Tea Auction process efficient and to help price discovery.
8. Future support for Tea Board projects will be based on performance.
9. Install Solar Power. It was informed Solar Power is not successful in Tea Estates due to steep hills, heavy rains during the monsoons and lack of sunlight for 3-4 months.
10. Tea Board will be implementing a scheme to train youths in Tea tasting.
11. Tea Board will implement a scheme for skill development. Karnataka will be made a hub with a Budget of Rs.40 to Rs.50 Lakhs. He would find out and recommend if the scheme can be extended for training youths for repairing Tea Machinery.
12. Tea Board will start 'Atal Incubation Centre 'to support and encourage start-up Companies to provide infrastructure facilities and value added services.
13. Tea drinking habits are changing everywhere with demand for specialty Teas and special Tea Varieties. There are about 10 to 15 special Tea Varieties. They fetch good price.

14. Tea adulteration by Tea retailers - If Tea growers write to the Board, he would write to the Tea Board and FSSAI to take action against them.



5) Parliamentary Standing Committee:

The department related Parliamentary Standing Committee on Exports (Coffee and Tea) had visited Bangalore on 8th January, 2020 and had an interaction meeting with the representatives of Associations of Coffee Growers, Exporters, Curing Works and other Coffee Stakeholders at The Lalit Ashok, Bangalore. On behalf of KPA, Convener of Taxation Committee Sri. P.S. Satyanarayana and I had attended and submitted a Memorandum. The points included in the Memorandum are:

1. Comprehensive Debt Relief Package.
2. Reduction of Interest to 6% and continuation of Interest subvention scheme in the FY 2020-21.
3. Delete Rule 7B (1) of the Income Tax Rules by amendment to enable small growers to cure their coffee.
4. India exports various coffee varieties of value \$ USD1 billion.
5. Government has to support Coffee Exports to help the Coffee Industry to be sustainable, profitable and viable in the years to come.
6. Challenges faced by Coffee Industry Viz. - Labour Wages and burden of social costs, power and infrastructure bottlenecks, interest cost, Low coffee prices, vagaries of climatic conditions - unseasonal rains and landslides impacting production; Drastic reduction in Yield per Ha, High cost of production making Indian coffee hugely uncompetitive;
7. Continue Export incentives by properly structuring RoDTEP Scheme due to withdrawal of MEIS export incentive scheme due to WTO Ruling.
8. Ease of doing business (Administrative) measures.
9. Government should support Exporters in absorbing some cost due to High cost of premium in ECGC insurance coverage due to political risks.
10. Government has to help Exporters in obtaining Mandatory export permits / certificates early to avoid delays involved in signing export contracts like ICO Certificate and Export Permits.
11. To expedite GST refunds which are severely impacting the cash flow and working Capital Management.
12. Government should provide adequate funds to the Coffee Board to release the subsidies under various Coffee Development Programs and Export Incentive which are delayed.
13. Invest and strengthen R & D in Coffee to bring out high yielding, disease-resistant and drought-resistant coffee varieties by providing enough funds.
14. Provide adequate and reliable transportation facilities.

15. Provide quality parameters and communication facilities in rural areas where plantations are located.
16. Update "India Coffee Quality Spec" particulars used by exporters while dealing with foreign buyers suited to current business, environment and international standards.
17. Development of rural roads passing through the Plantation Districts of Kodagu, Chikmagalur and Hassan Districts in Karnataka under Pradhan Mantri Gram Sadak Yojana.
18. Improvement of Telecommunication, Internet and Broadband services for success in digital transactions to access market information and market intelligence.
19. Implement a Stable Trade Policy and remove uncertainties regarding trade policies with least amendments to remove confusion and varying interpretation between Departments.

In the same day and venue the Committee held a meeting with the representatives of the Tea Associations. Convener of our Tea Committee Mr. A. Arvind Rao and former President UPASI and Chairman KPA Mr. Peter Mathias had attended. They brought to the attention of the Committee the issues affecting the Tea industry especially in Karnataka and relating to exports.

The points put forward by the Association were well received by the Committee.

6). SLBC Meeting held on 21st January 2020:

I along with KPA Past Chairman Mr. Govindappa Jayaram had attended the meeting of State Level Bankers Committee (SLBC) with the Coffee Growers Associations. The meeting was chaired by Managing Director of Syndicate Bank and Convener of SLBC Sri. Mruthunjaya Mahapatra. Representatives from UPASI, KPA, CPA, KGF and the HDPA, Chairman Sri. M.S. Boje Gowda, CEO and Secretary Coffee Board Sri. Srivatsa Krishna other officers of Coffee Board and various Bank officials had attended. The meeting was facilitated by the Coffee Board.

We submitted a Memorandum bringing to the attention of SLBC the following:

1. Financial crisis of Coffee Growers.
2. Loss of Coffee plantations, Plantation infrastructure, Coffee crop and Pepper vines and crop due to heavy rains, Floods and landslides during the years 2018-19 and 2019-20.
3. Drought during the last three years in succession in 2017-18, 2016-17 and 2015-16 and other plantation issues and requested SLBC for the following reliefs.
 - a) Grant a Moratorium period of one year commencing from 1st April 2020 to 31st March 2021 from recovery of the loans.
 - b) Thereafter, Rephase/Restructure Principal and unpaid interest of 1. Short term Crops loans 2. Term Loans and 3. Other agriculture loans by bundling/ consolidating them into a single loan Account.
 - c) Grant 12 annual instalments for repayment of Principal and Interest from the 2nd year.
 - d) The rephased/Restructured Principal and Interest to be repayable at 6% p.a.
 - e) Sanction fresh loans – working capital repayable with interest at 6% p.a.
 - f) Restructured loans be treated as current dues and coffee estates classified as 'standard assets'.

After a detailed discussion the SLBC had with the Coffee Board, representatives of Coffee Grower Associations and the Bank Management personnel, the following action points were taken at the meeting.

- Regarding re-phasing of loans it was informed by SLBC that SLBC has already informed Banks to rephase eligible loans in flood affected areas, as per the RBI Circular.
- Total exemption of CIBIL for agricultural loans cannot be done but SLBC would recommend to reduce the CIBIL points for agricultural loans to the Government.
- SLBC has already sent a circular to the Banks not to adjust the Flood Relief amount received from Government towards loan amounts outstanding.
- Circulars related to Coffee sent to Banks would be sent to the Coffee Board which would be sent to the Grower Associations.
- Other requests made by Grower Associations require the approval of the Government of India and the RBI.



Note: Please find attached the SLBC circulars on rephasing of loans Dtd. 5-10-2019 and 3-12-2019, Circular Dtd. 19-11-2019 sent to all Banks not to adjust of flood relief benefits and RBI circulars Dtd. 17-10-2018 to Commercial Banks and Rural Banks received from the Coffee Board for your kind information. (Sent only by Email)

7) UPASI Meetings:

I had attended the UPASI Trustees Meeting, Combined Coffee, Tea, Rubber & Spices Committee and Executive Committee meetings at UPASI, Coonoor on 22nd and 23rd January 2020. The meetings discussed and approved UPASI's Budget proposals with changes, discussed prevailing commodity situation, Holding of World Coffee Conference, Pre Budget Meeting of President, UPASI with the Union Finance Minister at Delhi other agenda subjects.

8) KPA Sub-Committee Meetings.

The following committee meetings of the Association were held:

- ❖ Taxation Committee Meeting was held on 18th December, 2019 at M/s. TATA Coffee Ltd., Bangalore. KPA's Pre-Budget Memorandum 2020-21 to be submitted to the Central and State Government was discussed and finalized. Other agenda subjects were also discussed.

The following meetings were held on 13th January 2020 at the KPA office at Chikmagalur.

- Scientific Committee Meeting – Discussed conducting of field visits in the year 2019-20.
- Public Relations and Membership Drive Committee – Discussed ways to improve KPA Membership, about recovering subscription arrears, to create awareness about achievements of KPA to KPA Members and others.
- Sports Committee Meeting- Discussed holding of Sports Events in the year 2019-20.

9) KPA Circulars:

The following circulars were sent from the KPA office by e-mail and post. I request members to go through the same.

- Compulsory Contribution to the Karnataka Labour Welfare Fund.
- List of KPA Office Holidays for the year 2020.
- Variable Dearness Allowance (VDA) to Staff from 01-01-2020 to 31-03-2020.
- Proceedings of the 61st Annual General Meeting held on 13th November, 2019.

With Best Wishes & Warm Regards,

Yours Sincerely,

Mr. SHIRISH VIJAYENDRA
Chairman

Date: 31st January 2020